

**FISCAL YEAR 2002-03
FUNDING AND ALLOCATION CHANGES**

The following information provides funding amounts, describes any changes in allocation methodology, and lists programs and their terms and conditions. This exhibit is provided for informational and planning purposes only. All State and federal funds to be allocated are contingent upon enactment of the Fiscal Year (FY) 2002-03 Budget Act, federal appropriations, and State/County contracts. For complete information on the terms and conditions of all funds and programs, please refer to the State/County Negotiated Net Amount (NNA) contract and the Drug Medi-Cal (DMC) contract.

STATE GENERAL FUNDS (SGF)

SGF DMC - \$45.4 million

Through an interagency agreement with the Department of Health Services, the Department administers, manages and finances the DMC program by way of contracts with counties and/or DMC providers. These funds are available to counties to meet the cost of DMC services for Medi-Cal beneficiaries.

Any county that elects not to, or fails to provide or contract for DMC covered services to eligible beneficiaries, in accordance with federal and state statutes, will forfeit to the Department the SGF needed to match federal financial participation (FFP) to reimburse providers for these services. The Department will, in turn, use the SGF to contract directly with providers in that county for these services.

The Federal Medi-Cal Assistance Percentage (FMAP), federal share of the Medi-Cal program, is currently 51.4 percent. Effective October 2002, the FMAP will decrease to 50 percent. This decrease in FMAP results in an increase in the SGF, on a percentage basis. However, due to the decrease in caseload estimates for the DMC program, the need to increase SGF does not materialize. These factors result in a proposed net SGF DMC reduction of \$3.7 million.

NOTE: Beginning in FY 2000-01 the level of funding for the DMC program is determined based on caseload estimates. Therefore, the amount of funding available can increase or decrease based on the following factors: caseload, rates, services and utilization patterns. The appropriation estimate is developed in the Fall and is revised in May for final action by the Legislature. Any adjustment to the appropriation level will be reflected in the Budget Act and the Budget Act Allocation.

SGF Ongoing - \$17.3 million

These funds are available to counties to meet the cost of alcohol and other drug services. These funds cannot be used to match FFP in the DMC program. SGF ongoing funds had a \$7.5 million reduction. County allocations will be reduced using

the standard reduction methodology, holding Minimum Base Allocation (MBA) counties harmless for reductions up to the first five percent of the total state allocation.

Perinatal SGF DMC - \$2.7 million

These funds are available to pay for DMC services for Medi-Cal beneficiaries who are pregnant or within the prescribed postpartum period. Eligibility for these services shall end on the last day of the calendar month in which the 60th postpartum day occurs. Perinatal SGF DMC funds were reduced by \$41,000 based on caseload and treatment utilization patterns.

Perinatal SGF Ongoing, Including Women and Children's Residential Treatment Services (WCRTS) - \$23.5 million

These funds are for programs that serve populations of pregnant and postpartum women and their infants, and parenting women and their children through 18 years of age. The funds cannot be used to match FFP in the DMC program.

WCRTS programs funds are exempt from the ten-percent county match requirement. These funds cannot be used for purposes of match in the DMC program. WCRTS programs are subject to all provisions of *the Perinatal Services Network Guidelines – Fall 1997*.

Perinatal SGF Ongoing and WCRTS program funds are reduced by \$2.5 million in FY 2002-03. The reduction methodology combines both the FY 2002-03 reduction and the \$1 million reduction from FY 2001-02, and uses the FY 2001-02 preliminary budget allocation as a base.

REIMBURSEMENTS

Parolee Services Network - \$11 million

The California Department of Corrections (CDC) continues to make funds available during FY 2002-03 for residential and non-residential alcohol and other drug treatment and recovery services for men and women paroled to the community from state prisons.

These services are available in the counties of Alameda, Contra Costa, Fresno, Kern, Los Angeles, Marin, Napa, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.

FEDERAL TRUST FUNDS

In FY 2000-01, the Department began tracking federal Substance Abuse Prevention and Treatment (SAPT) Block Grant and Safe and Drug Free Schools and Communities (SDFSC) funds by grant award. Likewise, counties must track expenditures by grant award and set-aside. The preliminary allocation for FY 2002-03 includes funds from the Federal Fiscal Year (FFY) 2002 and the FFY 2003 SAPT awards. SAPT funds for the FFY 2002 award are available for obligation and expenditure beginning July 1, 2002 through June 30, 2003. SAPT funds from the FFY 2003 award are available October 1, 2002 through June 30, 2004. The obligation and expenditure period for SDFSC funds is July 1, 2002, through June 30, 2004.

SAPT BLOCK GRANT

SAPT Block Grant Discretionary Funds – FFY 2003 Award \$124.2 million

The SAPT Discretionary funds are for substance abuse treatment, prevention, and recovery services and to specific populations such as youth and pregnant and parenting women. Terms and conditions for use of the SAPT Block Grant funds are incorporated into the NNA contracts for FY 2002-03.

The SAPT Block Grant discretionary funds available for allocation were reduced by \$300,000 to provide funding on a one-time basis for the 13 counties participating in the California Treatment Outcomes Pilot project. The members of the County Alcohol and Drug Program Administrators Association of California unanimously approved the reduction at their January 2002 Quarterly Meeting.

Prevention Set-Aside - FFY 2003 Award \$44.4 million

Federal law requires that 20 percent of the Block Grant award be expended on primary prevention services.

SAPT Block Grant Primary Prevention Set-Aside Friday Night Live – FFY 2003 Award \$552,000

The Friday Night Live (FNL) program is designed to prevent alcohol and drug use among teenagers through activities including community action, activities including community action, assemblies, and leadership training. FNL is supported by SAPT Primary Prevention Set-Aside Funds and is designated as a prevention program. Funding is available in FY 2002-03 for counties who want to establish a FNL program.

SAPT Block Grant Primary Prevention Set-Aside Club Live- FFY 2003 Award \$552,000

The Club Live prevention program is supported by SAPT Primary Prevention Set Aside funds and is designated to fund prevention services. Federal law and regulations

establish the requirements for expending these funds. Funding is available in FY 2002-03 for counties who want to establish a Club Live program.

SAPT Block Grant HIV Set-Aside – FFY 2003 Award \$11.8 million

Federal law requires that five percent of the total Block Grant award be expended on HIV Early Intervention. These funds are for HIV prevention, testing, and counseling services for clients in treatment programs.

SAPT Perinatal Set-Aside – FFY 2003 Award \$15.6 million

The Perinatal Program is part of the Perinatal Services Network and is subject to the requirements set forth in the Perinatal Services Guidelines. Counties must use these funds to maintain existing perinatal treatment capacity and programs because the Department counts these funds toward the Perinatal Maintenance of Effort requirement. Counties may also use the SAPT Perinatal Set-Aside funds to expand static capacity in existing perinatal programs, add new perinatal services or programs, and change existing programs.

These funds were allocated at the historical level, with Alpine County's portion of the Perinatal Set-Aside allocated proportionately to the other counties.

Female Offender Treatment Services – FFY 2003 Award \$645,000

The Female Offender Treatment Project provides substance abuse treatment services for CDC inmates on parole from the California Institution for Women. Funding has remained constant for this program.

The four participating counties (Los Angeles, Orange, Riverside, and San Bernardino) are required to comply with the State/County contract terms and conditions.

SAPT Special Projects Ongoing – FFY 2003 Award \$288,000

Funds for special projects are allocated to: Alameda County for the African American Women's Media Campaign (\$27,500); Los Angeles County for the Alcohol Center for Women (\$95,000), the Hispanic Women's Media Campaign (\$65,000) and the African American Women's Media Campaign (\$27,500); Modoc County for the Indian Health Project (\$25,000); and Tulare County for the Tule River Tribal Council (\$48,000).

SAPT Block Grant Adolescent Treatment Program – FFY 2003 Award \$4.8 million

Assembly Bill 1784 (Baca, Chapter 866, Statutes of 1998), provides authority for the Adolescent Treatment Program. Twenty counties determined to have the greatest need for adolescent substance abuse treatment are authorized to use these funds to provide comprehensive, age-appropriate services to youth. The Youth Treatment Guidelines,

released by the Department in September, 2000, are designed for developing and implementing youth treatment programs funded by this allocation.

SAPT Block Grant Adolescent Treatment Program Discretionary - FFY 2003 Award
\$2.7 million

These funds are allocated to all counties. The Youth Treatment Guidelines are designed for counties to develop and implement youth treatment programs.

Substance Abuse Treatment and Testing Accountability Act (SATTA)

The Governor's Budget proposes \$8.6 million for an additional year of funding for drug testing in accordance with Senate Bill 223 (Burton), Chapter 721, Statutes of 2001. These funds are from the FFY 2002 SAPT Award, and are available through June 30, 2003.

SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES (SDFSC)

NOTE: *Major changes in federal laws affecting SDFSC funding begin July 1, 2002. Funding levels are subject to change and adjustments may occur prior to the final Budget Act Allocation.*

SFY 2002-03 Award SDFSC Community Based Prevention - \$3.6 million

Use of all SDFSC grant funds must comply with requirements set forth in the SDFSC Act of 1994, Title IV of the Elementary and Secondary Education Act of 1965 (P.L. 103-382). These requirements are summarized in Exhibit C1 of the State/County contract and include authorized use of funds, allowable administrative costs, and levels of accountability.

The SDFSC funds provide services for children and youth that are not normally serviced by the State or local education agencies (as defined in the SDFSC Act of 1994, as amended) and for populations that need special services or additional resources. Such populations may include preschoolers, youth in juvenile detention facilities, runaway or homeless children and youth, pregnant and parenting teenagers, and school dropouts).